

Agenda Item: 6a
Meeting Date: October 12, 2006

**CONSIDERATION OF A RESOLUTION
CONCURRING WITH THE PROPOSED FUNDING DECISION OF THE
DEPARTMENT OF FISH AND GAME TO AWARD CALFED ECOSYSTEM
RESTORATION PROGRAM GRANTS TO PROJECTS THAT ASSIST FARMERS IN
INTEGRATING AGRICULTURAL ACTIVITIES WITH ECOSYSTEM RESTORATION**

Summary: This resolution concurs with the proposed funding decision of the Department of Fish and Game (DFG) to award seven Ecosystem Restoration Program (ERP) grants for projects that assist farmers in integrating agricultural activities with ecosystem restoration. Each proposal will require minor refinements prior to execution of funding agreements. These projects are listed in Attachment 1 and summarized in Attachment 2 of Resolution 06-10-02. The seven grants total \$7,249,747 and will contribute to the goals and objectives of the CALFED Ecosystem Restoration Program.

This resolution also concurs with the proposed funding decision of DFG to proceed with awarding up to four additional grants subject to resolving shortcomings identified during the Selection Panel process. These projects are listed in Attachment 1 and described in Attachment 3 of Resolution 06-10-02, and total \$3,524,051.

Finally, this resolution also concurs with the proposed funding decision of DFG to proceed with awarding one additional Directed Action Grant subject to resolving shortcomings identified in the Selection Panel process. This project is listed in Attachment 1 and summarized in Attachment 4 of Resolution 06-10-02, for a total of \$660,665.

Recommended Action: The California Bay-Delta Authority adopt the attached Resolution 06-10-02.

Background

In October 2005, the CALFED Ecosystem Restoration Program released a Proposal Solicitation Package (PSP) for projects that assist farmers in integrating agricultural activities with ecosystem restoration (Authority Resolution 05-08-03 [8/11/05]). Proposition 50 specifically required that the ERP invest in integrating agricultural activities with ecosystem restoration, and the focused PSP was highly targeted for projects that address ERP implementation priorities in working agricultural landscapes. Eligible applicants were public agencies and qualified non-profit organizations. The deadline for submittal was December 15, 2005. Twenty-four proposals were received for a total dollar request of \$29.5 million.

ERP Selection Panel and Recommendation

The Selection Panel convened in June 2006 to consider the 24 proposals that were received pursuant to the 2005 solicitation (available online at http://www.delta.dfg.ca.gov/erp/grants_opportunities.asp) and which had undergone thorough administrative, regional, and technical review. The initial recommendations from the Selection Panel were made available for public comment in July 2006 for a 30-day period. The Selection Panel reconvened in August 2006 to consider these comments, and has prepared a set of final recommendations which are listed in Attachment 1 of Resolution 06-10-02. Those recommendations, the proposals, and reviews are available online at http://www.delta.dfg.ca.gov/erp/grants_opportunities.asp.

The Selection Panel recommended a total of seven projects for funding. The Selection Panel also provided conditions that each project will need to meet prior to execution of the contracts. Additionally, the Selection Panel identified four other proposals that were of high merit and whose funding should be reconsidered if the proposals are revised to address shortcomings identified during their review. The resubmitted proposals will be reviewed in coordination with the ERP implementing agencies. Proposals that have been successfully revised and undergo additional review will advance to the Director of the Department of Fish and Game for a final funding decision.

Department of Fish and Game Proposed Funding Decision

DFG makes the final decision on the selection of grants to receive funding from this solicitation. Therefore, the Selection Panel's Final Recommendations were submitted to the DFG Director for consideration. DFG's proposed decision is listed in Attachment 1 and summarized in Attachment 2 of Resolution 06-10-02.

There are two differences between the Selection Panel Final Recommendations and the decisions by DFG. First, DFG has decided to fund the *American Basin Working Landscape Project* in full. The Selection Panel recommended funding only portions of this proposal, owing in part to concerns about the availability of matching funds to support the effort as outlined. Among other considerations, funding garnered for this project from other sources since the inception of this grant suggest to DFG that significant concerns of the Panel have been addressed, and the project should be funded at the full request, with conditions drawn from the Selection Panel and other reviews imposed during the contracting phase.

Secondly, DFG has decided to fund one project submitted through this PSP titled, *Riparian Sanctuary (Phase II) – Bringing Agricultural and Ecological Interests Together for Pumping Plant Protection and Riparian Restoration*, as a Directed Action. Although it received a favorable review by the Panel, it was not recommended for funding because the project fell out of the narrow purposes of this PSP. However, DFG has concluded that, given the project's importance, it should be funded at this time, subject to appropriate conditions consistent with recommendations of the Panel.

Fiscal Information

Seven Projects Recommended for Immediate Funding (See Attachment 2 of Resolution 06-10-02)

Funding Source: Proposition 50 CALFED Ecosystem Restoration Program Funds

Term: Various periods not to exceed three years from executing funding agreement

Total Amount: Up to \$7,249,747

Four Additional Projects (See Attachment 3 of Resolution 06-10-02)

Funding Source: Proposition 50 CALFED Ecosystem Restoration Program Funds

Term: Three years from executing funding agreement

Total Amount: Up to \$3,524,051

One Directed Action Project (See Attachment 4 of Resolution 06-10-02)

Funding Source: Proposition 50 CALFED Ecosystem Restoration Program Funds

Term: Three years from executing funding agreement

Total Amount: Up to \$660,665

List of Attachments

Resolution 06-10-01

Attachment 1 – Letter from University of Georgia dated September 27, 2006

Contact

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Department of Fish and Game

Phone: (209) 948-7068

Agenda Item: 6a
Meeting Date: October 12, 2006

**CALIFORNIA BAY-DELTA AUTHORITY
RESOLUTION 06-10-02**

**CONCURRING WITH THE PROPOSED FUNDING DECISION OF THE
DEPARTMENT OF FISH AND GAME TO AWARD CALFED ECOSYSTEM
RESTORATION PROGRAM GRANTS TO PROJECTS THAT ASSIST FARMERS IN
INTEGRATING AGRICULTURAL ACTIVITIES WITH ECOSYSTEM RESTORATION**

WHEREAS, the Ecosystem Restoration Program addresses priority activities to maintain the health of the Bay-Delta ecosystem consistent with a comprehensive vision for improving and increasing aquatic and terrestrial habitats and improving ecological functions in the Bay-Delta ecosystem; and

WHEREAS, those State and Federal agencies with CALFED Program restoration funds have coordinated their efforts to solicit for, and select, the best projects to support implementation of the Ecosystem Restoration Program; and

WHEREAS, the Department of Fish and Game has received an appropriation of Proposition 50 Bay-Delta Ecosystem Restoration Account funds in its Fiscal Year 2006-07 Budget; and-

WHEREAS, the Department of Fish and Game may distribute funds through grants; and

WHEREAS, in October 2005, the CALFED Ecosystem Restoration Program released a Proposal Solicitation Package for projects that assist farmers in integrating agricultural activities with ecosystem restoration (Proposition 50, Chapter 7); and

WHEREAS, the twelve proposals listed in Attachment 1 and described in Attachments 2, 3, and 4 constitute eligible projects for purposes of receiving Proposition 50 Bay-Delta Ecosystem Restoration Account funds; and

WHEREAS, the seven proposals described in Attachment 2 currently meet the objectives of the CALFED Program; and

WHEREAS, approval of these seven grant proposals shall be conditioned upon each grantee complying with all applicable laws and regulations; and

WHEREAS, after requisite revisions, up to four proposals described in Attachment 3 will meet the objectives of the CALFED program; and

WHEREAS, approval of these four grant proposals shall be conditioned upon each grantee revising proposals to address shortcomings, and complying with all applicable laws and regulations; and

WHEREAS, the Directed Action proposal described in Attachment 4 will meet the objectives of the CALFED program; and,

WHEREAS, approval of this grant proposal shall be conditioned upon the grantee revising the proposal to address shortcomings, and complying with all applicable laws and regulations;

NOW, THEREFORE, BE IT RESOLVED that the California Bay-Delta Authority concurs with the decision of the Director of the Department of Fish and Game to immediately fund seven CALFED Ecosystem Restoration Program Grants(following any required revisions) in the amount of up to \$7,249,747; fund up to four CALFED Ecosystem Restoration Program Grants following revision and review in the amount of no more than \$3,524,051; and fund up to one additional Directed Action Grant following revision and review in the amount of no more than \$660,665 for projects that assist farmers in integrating agricultural activities with ecosystem restoration.

CERTIFICATION

The undersigned Assistant to the California Bay-Delta Authority does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Authority held on October 12, 2006.

Dated: _____

Julie E. Alvis
Assistant to the California Bay-Delta Authority

Overview of Funding Recommendations for Ecosystem Restoration Program Grants To Projects That Assist Farmers in Integrating Agricultural Activities With Ecosystem Restoration

Applicant	Project Title	Amount Requested	Selection Panel Recommendations	DFG Recommendations
California Land Stewardship Institute	Fish Friendly Farming Environmental Certification Program	\$1,000,243	Fund Amount \$1,000,243	Fund Amount \$1,000,243
Placer County Resource Conservation District	American Basin Working Landscapes Project	\$1,860,898	Fund Amount \$100,000	Fund Amount \$1,860,898
Sonoma State University	A Socio-Economic and Behavioral Analysis of Farmers' Decisions to Adopt or Reject the CALFED Conservation Initiatives	\$175,228	Fund Amount \$175,228	Fund Amount \$175,228
United States Geological Survey	Evaluation of Giant Garter Snake response to CALFED's environmental water account program: adaptive management for wildlife friendly farming	\$1,187,367	Fund Amount \$1,187,367	Fund Amount \$1,187,367
United States Geological Survey	Sandhill Crane use of agricultural lands in the Sacramento-San Joaquin Delta Region	\$493,033	Fund amount \$493,033	Fund Amount \$493,033
Western Shasta Resource Conservation District	Farmer and Rancher Assisted Ecosystem Restoration and Watershed Stewardship Projects	\$350,000	Fund Amount \$275,000	Fund Amount \$275,000
Yolo County Resource Conservation District	Yolo-Solano Conservation Partnership for Habitat on Working Lands	\$2,257,978	Fund Amount \$2,257,978	Fund Amount \$2,257,978
Total		\$7,324,747	\$5,488,849	\$7,249,747
Applicant	Project Title	\$ Requested	Selection Panel Recommendations	DFG Recommendations
Bioengineering Institute	Selby Creek Stream Habitat Restoration and Riparian Revegetation Project	\$475,000	Reconsider if Revised Amount \$475,000	Reconsider if Revised Amount: \$475,000
California Waterfowl Association	Rice-Cover Crop Rotation Pilot Program	\$1,649,051	Reconsider if Revised Amount \$1,649,051	Reconsider if Revised Amount \$1,649,051
Chico Research Foundation, California State University	Providing Landowner Incentives to Encourage Riparian Restoration and Natural River Processes on Working Landscapes	\$2,148,602	Reconsider if Revised Amount \$600,000	Reconsider if Revised Amount \$600,000
Delta Protection Commission	Delta Working Landscapes	\$1,274,066	Reconsider if Revised Amount \$800,000	Reconsider if Revised Amount \$800,000
Total		\$5,546,719	\$3,524,051	\$3,524,051
Applicant	Project Title	\$ Requested	Selection Panel Recommendations	DFG Recommendations
River Partners	Riparian Sanctuary (Phase II) – Bringing Agricultural and Ecological Interests Together for Pumping Plant Protection and Riparian Restoration	\$660,665	Do Not Fund	Directed Action Amount: \$660,665
Total		\$660,665	\$0	\$660,665
Applicant	Project Title	\$ Requested	Selection Panel Recommendations	DFG Recommendations
Tuolumne River Preservation Trust	Tuolumne River Land Protection, Riparian Restoration and Working Landscape Project	\$1,500,000	Withdrawn by Applicant	
Total		\$1,500,000	\$0	\$0
Applicant	Project Title	\$ Requested	Selection Panel Recommendations	DFG Recommendations
Agricultural Water Management Council	Assessment of Water Management Actions and Water Transfers on Giant Garter Snake and other Wetland Dependent Species	\$267,685	Do Not Fund	Do Not Fund
Agricultural Water Management Council	Conservation Based Farming Practices Monitoring and Evaluation Project	\$197,466	Do Not Fund	Do Not Fund
Chico Research Foundation, California State University	Creating Conservation partnerships, Research, and Incentives to Benefit Farmers and Ecosystem Restoration in the Sacramento Valley	\$5,457,960	Do Not Fund	Do Not Fund
Davis, California University of	Scaling Up Riparian Restoration; Generating More Cost-Effective Protocols	\$101,220	Do Not Fund	Do Not Fund
East Merced Resource Conservation District	Biotechnical Streambank Stabilization, Assessment and Demonstration on the Lower Merced River	\$1,035,430	Do Not Fund	Do Not Fund
Merced, California University of	Sustaining Private Seasonal Wetland Habitat Value and Function Under Ag Waiver Mandated Salt	\$1,492,107	Do Not Fund	Do Not Fund

San Joaquin County Resource Conservation District	Gauging the Benefits of Riparian Restoration/Enhancement in a Working Agricultural Landscape	\$1,174,003	Do Not Fund	Do Not Fund
Southern Sonoma County Resource Conservation District	Petaluma River Watershed Agricultural Activities for Improving Water Quality	\$1,910,954	Do Not Fund	Do Not Fund
United States Geological Survey-Western Ecological Research Center	Wintering Waterbird Response to CALFED's Environmental Water Account Program: Modeling and Monitoring to Better Integrate Agriculture and management of Wetland Dependent Birds	\$1,140,163	Do Not Fund	Do Not Fund
Western Shasta Resource Conservation District	Cow Creek Watershed Fish Passage Barrier and Habitat Evaluation	\$472,229	Do Not Fund	Do Not Fund
Yolo Basin Foundation	Yolo Wildlife Area: An Evolving Model for Integration of Agriculture and habitat Restoration in a Flood Control Setting	\$1,231,400	Do Not Fund	Do Not Fund
Total		\$14,480,617		
Grand Total				\$11,434,463

**Proposals recommended for funding by the Department of Fish and Game
For Projects That Assist Farmers in Integrating Agricultural Activities
With Ecosystem Restoration**

Proposal Number: 0032

Proposal Name: Farmer and Rancher Assisted Ecosystem Restoration and Watershed Stewardship Projects

Proposal Applicant: Western Shasta Resource Conservation District

Amount Requested: \$350,000

Proposal Description:

Project seeks to conduct multiple projects on-the ground within the Cow Creek Watershed. It is anticipated that the project will improve water quality, riparian health, and ecosystem restoration. The stated project objectives are to (1) improve salmonid recovery in salmon-bearing streams and (2) improve current range wetland facilities. Public outreach activities are also proposed.

Selection Panel Summary: The Panel noted that while the work in this proposal was not technically within a priority area, this watershed contributes to the Sacramento River, which is a priority for the PSP. The Panel further noted that this project has the potential to provide ecological benefits and is strengthened because it brings together a broad coalition of partners. The Panel recommends funding this proposal at the level of \$275,000 if revisions are made. These include providing greater clarity on: the monitoring plan; demonstrating that EQIP funds are secured; eliminating the \$75,000 for undefined future cost share match. In addition, the proposal needs to further discuss the potential ecological benefit of the seven projects (e.g. are they isolated projects or is there some synergy to be gained), and the proposal needs to put the projects within the greater watershed context.

Department of Fish and Game Recommendation: Fund with Conditions

Amount Recommended for Funding: \$275,000

Proposal Number: 0043

Proposal Name: Fish Friendly Farming Environmental Certification Program

Proposal Applicant: California Land Stewardship Institute

Amount Requested: \$1,000,243

Proposal Description:

Proposed project would continue and expand the Fish Friendly Farming program in the Napa River watershed. The program assesses the site conditions on Napa Valley farms, develops plans for the application of BMPs (by private landowners) to improve water quality and associated salmonid habitat.

Selection Panel Summary: The proposal outlines a very strong approach, and this appears to be a good project. The applicant has been successful in involving land owners.

The Selection Panel recommendation is to fund with conditions with a revised dollar amount, but not to exceed the requested amount, as appropriate based on the suggested changes outlined below. The main drawback of this proposal is that it needs a stronger emphasis on, and greater detail in, its monitoring and economic analysis. The applicant should provide information on the qualifications and experience of the people involved in the monitoring plan and economic analysis (i.e., provide CVs of the people providing the work). The applicant needs to clarify criteria used for the selection of restoration components. The applicant also needs to clarify criteria for cost sharing creek restoration and erosion control projects. Establishing criteria for high priority areas, key resource concerns, and access as demonstration site should help maximize environmental benefits from cost-sharing.

Two letters of support, a set of questions from the Regional Water Quality Control Board, and a letter from the applicant addressing the findings of the Panel were received. Comments from the RWQCB raised questions about the criteria used to identify potential areas for the program, the specific types of problems and the restoration techniques that will be used by the applicant. These points are addressed in the letter from the project Principal Investigator (PI).

Department of Fish and Game Recommendation: Fund with Conditions
Amount Recommended for Funding: \$1,000,243

Proposal Number: 0049
Proposal Name: American Basin Working Landscapes Project
Proposal Applicant: Placer County Resource Conservation District
Amount Requested: \$1,860,898

Proposal Description:
Proposed project will develop a GIS-based “working landscapes” model/plan for the basin. Project will implement voluntary practices where appropriate, including easements, riparian restoration, wetland restoration, and other on-farm and farm edge habitat restoration practices.

Selection Panel Summary: The proposed project would develop a GIS-based “American Basin Working Landscape Strategy”, implement three specific riparian and wetland restoration projects, and prepare the applicants to purchase up to four wildlife-friendly agricultural easements. These efforts would complement similar efforts in the American Basin funded for more than \$8 million in private, state, and federal grants. Although the Regional Panel gave this proposal an excellent rating, the Technical Review Panel gave the proposal only a fair rating. The Technical Panel felt the proposal lacked detail concerning the methods used to develop the strategy and evidence that the projects would help species of concern. This proposal does have the potential to benefit target species (including giant garter snakes), would develop a strategy designed to be consistent with the needs of several potential cost-share partners (including Farm Bill sources), and works directly with farmers to preserve farmland as habitat.

The Selection Panel felt that the strategy would be especially useful and recommended funding adequate to support developing the strategy (likely between \$100,000 and \$150,000, including portions of Tasks 1,5, and 6 and all of Task 2). The Panel did not recommend funding the restoration projects or easement development as there were too many concerns associated with these efforts because it was not clear how durable the restoration projects would be given the threat of development in this area. For example, the proposal listed several parcels for restoration but did not list any parcels proposed for easements. Funds are proposed for mere execution of option agreements, legal review and due diligence revisions, with the expectation of subsequent easement funding from other sources. Therefore, the Panel does not support funding that component of the proposal.

As noted above, the Panel recognizes that developing an American River Basin Working Landscape Strategy, as identified in Task Two, would be a useful tool, and recommended funding of \$100,000. One comment letter was received from a co-applicant that recognized the value the \$100,000 would bring to the proposed efforts, but noted that the funding "will do little to ensure a long-term guarantee that will protect habitat... or secure (habitat-friendly) farming practices". The comment letter addressed a number of other issues, repeatedly identifying the need for \$600,000 for easement acquisition to be matched with \$8,000,000 in pending funding from other sources.

The Panel recognizes that the project proponent acknowledged the progress it could make with the amount recommended. However, it concluded the applicant did not adequately demonstrate that matching funds would be available and able to be specifically committed for acquisition of easements protecting multiple resource values. The Selection Panel stands by its initial findings on this proposal.

Department of Fish and Game Summary: The Department has been able to follow up with the principals and partners of this project and has determined that funding garnered for this project from other sources since the inception of this grant suggest to the DFG that the concerns raised by the Panel have been addressed, and the project should be funded at the full request, with conditions drawn from the Selection Panel and other reviews imposed during the contracting phase.

Department of Fish and Game Recommendation: Fund with Conditions
Amount Recommended for Funding: \$1,860,898

Proposal Number: 0070

Proposal Name: A Socio-economic and Behavioral Analysis of Farmers' Decisions to Adopt or Reject the CALFED Conservation Initiatives

Proposal Applicant: Sonoma State University

Amount Requested: \$175,228

Proposal Description:

Project proposes to evaluate farmers/ranchers attitudes towards conservation and management changes, identify and appraise constraints, and identify the most important factors in influencing farmers' long term commitments to conservation innovation.

Selection Panel Summary: The Selection Panel found this to be a fascinating proposal because it seeks answers to the questions "what is likely to change farmers' mindset about a project; how to carry a project to success; and how to be an advocate for the project"? The Panel recognizes that it is important for the program to invest in research of this nature and recommends funding this proposal with conditions. In particular, the applicant should strengthen the methodology, develop a broader sampling base; consider the use of a focus group to gather information (vs. phone survey); use students experienced with farmers and knowledgeable of the farming industry; and work closely with a well established entity within the agricultural community to ensure acceptability from farmers (and a reliable sampling). In addition, there may be the opportunity to coordinate questions for the survey tool with other projects in this PSP. The Panel recommends that if possible, the applicant work with other projects to develop and implement it.

The Selection Panel further recommends that the following conditions be met: 1) Use local farm bureaus and resource conservation districts and perhaps conduct town hall meetings or forums as a part of the Task 2 and Task 3 activities; 2) Identify survey respondents who did not adopt conservation innovations; 3) Identify survey respondents who applied for and won grant awards to conduct conservation innovations but subsequently opted to not perform the innovation(s); 4) Clarify that survey respondents targeted are not selected solely based upon PSP grants, but also are based on conservation innovations funded by other sources; and 5) Provide more clarity on sampling strategies for both baseline (single region or multiple region) and subsequent targeted sampling. Describe what criteria will be used to ensure the survey is not biased, by only interviewing easy to reach participants.

Department of Fish and Game Recommendation: Fund with Conditions

Amount Recommended for Funding: \$175,228

Proposal Number: 0073

Proposal Name: Sandhill Crane Use of Agricultural Lands in the Sacramento-San Joaquin Delta Region

Proposal Applicant: US Geological Survey

Amount Requested: \$493,033

Proposal Description:

Project proposes to evaluate past Program investments in relation to their objects to meet the needs of MSCS species such as the greater sandhill crane in order to develop recommendations to assist private farmers in contributing towards their recovery.

Selection Panel Summary: This proposal is responsive to the PSP. It is well written and the project area is centered in sandhill crane habitat. Significant opportunity exists with this project to determine sandhill crane utilization of land purchased by the ERP. Recommendations coming from this project should prove to be practical for land managers. The panel felt that this project should be funded as long as the proponents meet the following conditions: (1) provide a more detailed budget; (2) include pre-project contact with landowners, and (3) strengthen the linkage to changing agricultural practices.

Department of Fish and Game Recommendation: Fund with Conditions
Amount Recommended for Funding: \$493,033

Proposal Number: 0086

Proposal Name: Evaluation Of Giant Garter Snake Response to CALFED'S Environmental Water Account Program: Adaptive Management for Wildlife Friendly Farming

Proposal Applicant: United States Geological Survey

Amount Requested: \$1,187,367

Proposal Description:

Project will evaluate the effects of rice field fallowing on GGS in order to meet the needs for regulatory guidelines for EWA program.

Selection Panel Summary: The Selection Panel likes that the proposal is tied to Environmental Water Account (EWA) and wildlife friendly agriculture/working landscapes, and that the proposal is highly responsive to this PSP. The proposal provides information that the agencies want and need relative to the Biological Opinion for the EWA and recommended funding the project with revisions. The PIs are well-qualified and experienced, and the proposal has an excellent data management approach.

The proposal should be revised to more clearly connect the evaluation to agricultural management actions. The proposal should also be revised to ensure that the deliverables include peer-reviewed articles of journal quality and deliverables such as maps and journal articles should be described in the schedule. (Recognizing that publication takes time beyond the scope of the grant, the proposal should establish that there is sufficient funding for journal articles.) The deliverables should spell out that the data and products are made available to CALFED agencies. The proposal should be revised to include clearly written hypotheses, and not just objectives. The Selection Panel is concerned that there is a limited pool of expertise on Giant Garter Snake, and recommends and requires that the applicants ensure sufficient staffing and resources are applied to the proposal. This study depends on managed wetlands yet to be created by another proposal. The applicant would

need to specify how this project is viable not withstanding the restoration on CWA study sites that may not be funded.

Department of Fish and Game Recommendation: Fund with Conditions
Amount Recommended for Funding: \$1,187,367

Proposal Number: 0088
Proposal Name: Yolo-Solano Conservation Partnership for Habitat on Working Lands
Proposal Applicant: Yolo County Resource Conservation District
Amount Requested: \$2,257,978

Proposal Description:

Proposed project would continue to develop collaborations to address restoration permitting needs, increase technical and economic incentives for farmers to increase habitat, conduct economic assessments. Project would include riparian habitat enhancements, irrigation canal re-vegetation, farm pond habitats, and wildlife and vegetation monitoring along with studies on ecosystem services, outreach, and education.

Selection Panel Summary: The proposal is within Yolo and Solano counties, portions of which are identified as high priority areas. It builds upon established partnerships, ones that have worked well together. The partnership is comprised of a diverse, well qualified team that builds upon an established track record. The proposal demonstrates involvement of landowners. The monitoring proposal is specific, detailed, and clear, showing relevance to the PSP priorities and demonstrating the bridge between ag practices and ecosystem benefits. That being said, the performance measures were not well defined and need further work to clarify how monitoring from component pieces interrelate and contribute to measuring outcomes. The Technical Review Panel review was favorable for this project.

As a condition of funding, proponent should (1) prepare a more meaningful socio-economical evaluation with a full description of methodologies and (2) structure scope of work to ensure the performance measures (performance evaluation plan) are laid out and identified prior to initiation of major work. Additionally, the proponent needs to publish its results in the areas of (1) the proxy methodology for the giant garter snake and (2) the socio-economic study. Suggested revisions by the Selection Panel also include the applicant's need to demonstrate experience and expertise in socio-economic skills.

The Selection Panel supports their initial recommendation to fund with conditions.

Department of Fish and Game Recommendation: Fund with Conditions
Amount Recommended for Funding: \$2,257,978

**Proposals Recommended for Reconsideration if Revised by the
Department Of Fish and Game For Projects That Assist Farmers in Integrating
Agricultural Activities With Ecosystem Restoration**

Proposal Number: 0030

Proposal Name: Selby Creek Stream Habitat Restoration and Riparian Revegetation Project

Proposal Applicant: Bioengineering Institute

Amount Requested: \$475,000

Proposal Description:

Proposal seeks to continue restoration efforts based on the Selby Creek Project (watershed Plan) on Selby Creek in the Napa watershed. Proposed project will: gather technical information to describe the watershed, install bioengineering structures to control erosion (stabilize stream banks), expand and re-vegetate the floodplain and create fisheries habitat. Multiple partners (RCD, Napa County Supervisors, Napa Vintners Association) involved in the project restoration, community outreach and education.

Selection Panel Summary: The Selection Panel recognized that this proposal is for a project in a priority area for the PSP. The proposal uses an experienced team and the proposed restoration targets priority species. All in all, the proposal seems to be going in the right direction; however, there are weaknesses. The Program should reconsider this proposal if it is revised to address the following weaknesses: (1) a conceptual model needs to be more clearly articulated (consider using flow model for this); (2) the monitoring plan needs further development including hypothesis-testing (There seems to be an opportunity to perform hypothesis testing on what practices are appropriate and the proponent should take advantage of this opportunity.); (3) performance measures should be developed (It is not appropriate to measure the success of the project based on the number of tasks completed.); (4) a rationale for the vegetation plan needs to be provided; (5) the outreach plan needs to be strengthened; and, (6) greater budget detail needs to be provided. The proposal should also provide a description of how other farmers will be motivated to participate.

Three sets of comments were received on this proposal: one from the San Francisco Bay Regional Water Quality Control Board, one from the applicant, and lastly one from the consultant to the applicant. The Regional Board questioned the selection of this proposal. The Selection Panel noted that this proposal was responsive to the goal of the PSP, is within a priority area, and is an important stream affecting anadromous fish in the Napa River Watershed. The applicant noted that a consultant has been hired to assist with restoration activities on this creek. The Applicant also provided some additional information during the comment period that begins to address concerns raised by the Selection Panel. The Selection Panel is encouraged by this material and looks forward to seeing the revised proposal. As noted above, the Selection Panel is expecting a (1) monitoring plan, including hypothesis testing and performance measures, (2) a rationale for vegetation plan, (3) a strengthened outreach plan, and (4) greater budget detail.

Department of Fish and Game Recommendation: Reconsider if Revised

Amount Recommended for Funding: \$475,000

Proposal Number: 0040

Proposal Name: Providing Landowner Incentives to encourage Riparian Restoration and Natural River Processes on Working Landscapes.

Proposal Applicant: CSU, Chico Research Foundation

Amount Requested: \$2,148,602

Proposal Description:

The goal of this project is to encourage and facilitate the stewardship and restoration on agricultural lands within the Sacramento River Conservation Area. This will be accomplished through the initiation of a Coordinated Conservation Effort that provides landowners the incentives and assurances needed to incorporate habitat restoration into their agricultural activities. The key elements of this proposal are to (1) investigate and develop a regulatory assurances program to protect participating landowners for incidental take of endangered species, and (2) develop an assistance program to help landowners access incentive programs for habitat conservation.

Selection Panel Summary: The Program should reconsider this proposal if revised. The Panel indicated that the numerous components of the project aren't necessarily integrated and there was insufficient detail in the budget. Additionally, the Panel noted that the applicant may not have strong support from certain segments of the landowner community. The Panel recommends funding only the tasks related to safe harbor and basic landowner conservation assistance for \$600,000. The revisions to the proposal should focus on the development of a safe harbor agreement, demonstrating better integration with the USFWS process. The proposal should be clear on its commitment to provide a state ESA safe harbor agreement under applicable provisions of the Fish and Game Code. The proposal should also focus on basic landowner assistance, including permit assistance, the conservation assistance library publication, and related landowner workshops and conservation tools. The applicant should provide a revised budget that includes a more detailed breakdown of costs and provide a response to the concerns about landowner support raised in the regional review.

Several comments were received on this proposal. One set of comments came from SRCAF responding to the initial comments from the Selection Panel indicating a commitment to address the budget detail, monitoring program, and include treatment on how a state safe harbor agreement might work. They also noted that they are working on funding for continued support of the Forum.

Three sets of comments were in opposition to funding this proposal. One of these included attachments documenting the lack of support by local interests for the Forum until a Good Neighbor Policy is adopted. One issue raised by the commenter was a lack of community landowner support for this proposal; in response to this issue, the Forum indicated that they had not requested any letters of support. The Selection Panel noted that, in general, the ERP PSP discourages submission of letters of support during the public comment period.

The Selection Panel noted that the comment letters raise the question that without confirmed local government or landowner support, whether these funds can be used successfully. The Selection Panel noted that this proposal was directed at answering the key complaint of these entities. The Panel noted that safe harbor is one of the tools that can be used to address landowner concerns. This proposal is about making this tool available to landowners.

The Selection Panel recognized that the applicant had the responsibility of showing there was local support for this project. The applicant did not explicitly address the controversy associated with SRCAF and this project. That being said, the proposal meets the

requirements of the PSP and goals of the ERP. As noted above, the proposal had some deficiencies so the Panel recommended that it should be reconsidered if revised. As part of this process, the proposal needs to be revised to address panel comments and concerns, and show that they have sufficient local support to work with individual landowners for implementation of a successful safe harbor agreement. Once the scope meets agency staff requirements, it will be sent out for further review.

Department of Fish and Game Recommendation: Reconsider if Revised
Amount Recommended for Funding: \$600,000

Proposal Number: 0044

Proposal Name: Rice-Cover Crop Rotation Pilot Program

Proposal Applicant: California Waterfowl Association

Amount Requested: \$1,649,051

Proposal Description:

Project seeks to implement a three year pilot project to benefit ground nesting birds, giant garter snakes, and other wetland dependent species through altered crop rotations and semi-permanent wetlands.

Selection Panel Summary: The positive aspects of the proposal include: generation of data and information on multi-species management approaches that would inform the agricultural community how they could provide benefits to waterfowl while at the same time improving conditions to benefit the giant garter snake; determining if the mosaic of land use provides better wildlife benefits than typical land use patterns; and developing strategies, monitoring methods, and tools for evaluating losses in habitat quality from rice fields being fallowed, as required by the Environmental Water Account (EWA) Biological Opinion.

The Program should reconsider this proposal for funding provided the following revisions are made: (1) clarify the project's conceptual model and discuss the potential for experimental testing of hypotheses, including consideration of landscape scale issues (habitat fragmentation, connectivity); (2) include a rigorous economic analysis (seek collaboration with an agricultural economist) and address impacts of uncertainty related to EWA, the Conservation Reserve Enhancement Program (CREP), water transfers, and subsidies; (3) clarify the relationship between this project and CREP so that agencies can evaluate the policy implications. Are the subsidies proposed intended to replace or supplement CREP payments? If the intent is to replace CREP, the applicant needs to better articulate reasons why farmers would participate in this program rather than CREP since the incentive payments offered here (\$100) seems to be lower than the \$165 for rice provided through CREP; (4) deliverables must include publications that utilize data on giant garter snake and mallard nesting obtained from this project and synthesized with previously unpublished data (only found in the various annual reports); and, (5) include a more detailed budget broken out by task, that includes breakdown of how dollars for each task will be allocated. Each cost needs to be justified.

Additionally, the applicant should note that the incentive portion of the budget is not transferable across budget categories.

Department of Fish and Game Recommendation: Reconsider if Revised
Amount Recommended for Funding: \$1,649,051

Proposal Number: 0093
Proposal Name: Delta Working Landscapes
Proposal Applicant: Delta Protection Commission
Amount Requested: \$1,274,066

Proposal Description:

Work with local farmers to implement demonstration projects that improve habitat values while improving water quality, sediment transport, and levee stabilization. Evaluate operations of agriculture practices in the Delta that could be implemented elsewhere. Conduct an educational and outreach festival to inform the public on the values of the Delta.

Selection Panel Summary: The proposal lacks a well-defined monitoring program, which would support and explain the rationale for the specific amounts of work to be done in Task 2 (e.g., why 20,000 linear feet of vegetated ditch bank is appropriate), and provide a framework for Task 3 demonstration projects. In particular, Task 2 actions and potentially the demonstration projects in Task 3, need to be structured with an experimental design (including controls, replicates) in order to build the data to justify the relative benefit of funding the specified amount of work (such as 20,000 linear feet of vegetated ditch banks) and to measure environmental benefit (such as reduced sediment or pesticide loads). This plan should also serve to justify the amount of funding requested for these tasks, which presently is not well detailed. The Selection Panel thinks these tasks could be completed for less.

The revised Task 3 needs to identify the interview methodology to be used and how it is supported by current social science interview practices. The revised proposal also needs to be consistent in the description of deliverables among the text, the deliverables table, and the budget detail. The Selection Panel questioned the feasibility of implementing vegetated ditches in light of current ditch practices (i.e., spud ditches). Task 2 of the proposal appears to be a continuation of existing projects, but the proposal does not show how the new projects are informed by past work.

The Selection Panel indicated that while some of the wildlife-friendly approaches are good, they could be implemented for less than the amount requested. The Delta festivals may be a good outreach approach, but may not be an effective strategy to exchange information and ensure that growers adopt practices. It also appears that the festivals are focused beyond the ecosystem and agriculture objectives of this PSP, so the Selection Panel recommends reducing the ERP contribution to \$44,000. PSP funds cannot be used to

create a non-profit group, and cost share funds for the festivals should be sought from other sources. The proposal should provide assurances that the applicants will coordinate with the Delta Vision and other planning processes.

Department of Fish and Game Recommendation: Reconsider if Revised
Amount Recommended for Funding: \$800,000

**Proposals Recommended for Directed Action Funding by
The Department of Fish and Game for Projects That Assist Farmers
In Integrating Agricultural Activities with Ecosystem Restoration**

Proposal Number: 0054

Proposal Name: Riparian Sanctuary (Phase II) – Bringing Agricultural and Ecological Interests Together for Pumping Plant Protection and Riparian Restoration

Proposal Applicant: River Partners

Amount Requested: \$660,665

Proposal Description:

Project seeks funding for planning and design efforts to develop second phase of multi phase process to protect PCGID-PID's pumping plan and fish screen facility. This phase is focused on completion of environmental compliance, obtaining permits, advanced planning, and completion of construction plans.

Selection Panel Summary: This proposal would fund Phase II of an effort to study potential alternatives to protect the Princeton, Cordura, Glenn, and Provident Irrigations District's pumping plant and fish screen facility and develop management options for the Riparian Sanctuary, a component of the Sacramento Wildlife Refuge. This project takes an innovative approach and follows well with previously funded work. Additionally, it is recognized that this project is a high priority for the region. However, the finding is that the proposal is not responsive to the objectives of the current PSP.

The primary reason the Selection Panel did not recommend this proposal for funding was that the proposal did not assist farmers in integrating agricultural activities with ecosystem restoration as it was defined in the October 2005 Proposal Solicitation Package. The applicants addressed this concern in their comment letter where they pointed to headers for priorities of the PSP: (1) projects that facilitate permitting or regulatory assurances that support agricultural activities benefiting MSCS-covered species, and (2) projects that protect farmland that benefit MSCS covered species.

The Selection Panel noted that under these headers the PSP specifically states:

Projects that facilitate permitting or regulatory assurances that support agricultural activities benefiting MSCS-covered species "should coordinate/assist landowners with acquisition of restoration permits; develop regulatory assurances (such as "safe harbor" agreements and biological evaluations/opinions); or develop good neighbor policies that underpin agricultural activities benefiting species with MSCS goals of recovery or contribute to recovery in an agricultural landscape." (p.5)

Projects that protect farmland that benefits MSCS-covered species and provide a buffer for restored habitats from adverse effects of encroaching incompatible development should "secure long term protection (using easements, acquisitions, or management agreements) of agricultural lands that buffer important habitat areas from incompatible land uses while continuing agricultural practices beneficial to wildlife and fish with MSCS goals of "recover" or "contribute to the recovery" on those protected lands" (pp. 5 and 6).

The Panel recognized that although the headers were broad, the specific text of the PSP was much narrower and continues to conclude that this proposal is not responsive to this PSP.

The Panel also recognized the value of the project and continues to encourage the proponent to seek other sources of funding for this proposal.

Department of Fish and Game Recommendation: Directed Action
Amount Recommended for Funding: \$660,665



The University of Georgia

Institute of Ecology

September 27, 2006

Mr. Ryan Broddrick, Director
Department of Fish and Game
1416 Ninth Street
Sacramento, CA 95814

Mr. Joc Grindstaff, Director
California Bay-Delta Authority
650 Capitol Mall, 5th Floor
Sacramento, CA 95814

Dear Directors Broddrick and Grindstaff:

With this letter, I am transmitting for your consideration the final recommendations from the Selection Panel for the 2005 CALFED Ecosystem Restoration Program (ERP) Proposal Solicitation Package (PSP) for Projects that Assist Farmers in Integrating Agricultural Activities with Ecosystem Restoration.

The Selection Panel has made the following funding recommendations:

1. The Department of Fish and Game (DFG) should award seven Ecosystem Restoration Program (ERP) grants to support the projects described in Attachment 1. The seven grants, totaling up to \$5,488,849.00 will contribute to achieving the goals and objectives of the Ecosystem Restoration Program as outlined in the PSP. The Selection Panel's final recommendations should provide DFG staff with adequate detail to develop the scope of work for the project.
2. The DFG should work with proponents for four additional proposals to develop new proposals that address shortcomings identified during the Technical and Selection Panel processes. These "reconsider if revised" projects are described in Attachment 2 and total up to \$3,524,051.00. These four proposals had considerable merit, and if the revised proposals are favorably reviewed by an independent panel, the Selection Panel recommends that they be funded.

Background:

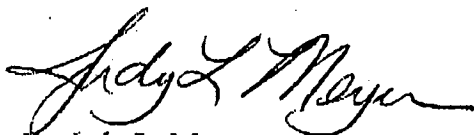
The Ecosystem Restoration issued a PSP in October 2005. Twenty-four proposals were received and all were subjected to extensive review by multiple reviewers and panels. This review included **administrative review** for budget, past performance, and conflict of interest; **regional review** by individuals knowledgeable on regional needs and priorities (followed by a regional review panel); and **external scientific review** (by scientific, economic, agricultural, and engineering experts, as appropriate for individual proposals). A **technical review panel** was convened in April, 2006.

The Selection Panel first met on June 26 and 27, 2006 to discuss, evaluate, and make initial funding recommendations on the proposals. Those initial recommendations were made available for public comment for a 30 day period. The Selection Panel reconvened on August 29th to consider the comment letters received in order to develop final funding recommendations.

A list of the proposals that were reviewed but not selected is presented in Attachment 3. A list of Selection Panel members is presented in Attachment 4.

It has been a pleasure to serve as chairperson for this panel and to assist the CALLED Ecosystem Restoration Program with its continued implementation. I am available to answer any questions regarding the Panel and its deliberations and can be reached at jlmeyer@uga.edu or 706-542-3363. Staff is also very knowledgeable about the proposals and Panel deliberations. Primary staff contact is Brad Burkholder with the Central Valley Bay-Delta Branch of the Department of Fish and Game. Brad can be reached at bburkholder@dfg.ca.gov or 209-948-7068.

Sincerely,



Dr. Judy L. Meyer
Institute of Ecology
University of Georgia

cc Brad Burkholder, Department of Fish and Game

**ATTACHMENT 1
SELECTION PANEL RECOMMENDATION
FOR PROPOSALS TO FUND (WITH CONDITIONS)**

Summary Table: Proposals Recommended to Fund with Conditions

Number	Title	Amount Requested	Amount Awarded
0032	Farmer and Rancher Assisted Ecosystem Restoration and Watershed Stewardship Projects	\$350,000	\$275,000
0043	Fish Friendly Farming Environmental Certification Program	\$1,000,243	\$1,000,243
0049	American Basin Working Landscapes Project	\$1,860,898	\$100,000
0070	A Socio-Economic and Behavioral Analysis of Farmers' Decisions to Adopt or Reject the CALFED Conservation Initiatives	\$175,228	\$175,228
0073	Sandhill Crane Use of Agricultural Lands in the Sacramento-San Joaquin Delta Region	\$493,033	\$493,033
0086	Evaluation of Giant Garter Snake Response to CALFED's Environmental Water Account Program: Adaptive Management for Wildlife Friendly Farming	\$1,187,367	\$1,187,367
0088	Yolo-Solano Conservation Partnership	\$2,257,978	\$2,257,978
Total			\$5,488,849.00

Proposal Number: 0032

Proposal Name: Farmer and Rancher Assisted Ecosystem Restoration and Watershed Stewardship Projects

Proposal Applicant: Western Shasta Resource Conservation District

Amount Requested: \$350,000

Executive Summary:

A unique partnership has formed along the Sacramento River in Shasta County bringing together ranchers, federal and local agencies and a pro-active watershed group in a focused effort to increase aquatic and terrestrial habitats and improve ecological functions in the 275,000-acre Cow Creek Watershed where high water flows account for 21% of the peak discharge to the Sacramento River between Shasta Dam and Red Bluff (DWR, 1969). Three of the five Cow Creek tributaries are 303(d) listed. Fall and late-fall runs of Chinook salmon, one of several MSCS-Covered Species in the watershed, have declined from 2,800 in 1969 (DFG, 1993) to the point there are too few fish to make population estimates. Land use in this watershed is about evenly divided between agriculture, commercial forestry and urban residential, and communities in the watershed qualify as Disadvantaged Communities.

In this proposal, seven pre-qualified ranchers with holdings from 13 to 2,200 acres located from the confluence of Cow Creek with the Sacramento River into the five main tributaries, are committed to implementing the remaining 22 EQIP cost-share projects the landowners were not able to fund under the 50/50 plan to assist in recovering endangered and other at-risk species and native biotic communities, rehabilitate ecological processes, protect and restore habitats, prevent establishment of and reduce impacts from non-native invasive species, and improve or maintain water and sediment quality. The projects include tailwater recovery, dam diversions, water conveyance pipeline, irrigation management, fencing riparian areas, wetland enhancement, range planting, and brush management.

The partnership includes the Western Shasta Resource Conservation District, Cow Creek Watershed Management Group (whose board includes members from Shasta County Cattlemen and Shasta County Farm Bureau), Natural Resources Conservation Service, U. C. Davis Cooperative Extension, Tehama County Resource Conservation District (mobile irrigation lab services), and seven ranchers. The ranchers are pre-qualified EQIP participants and the projects selected for this proposal are those that could not be funded under the EQIP 50-50 cost share program due to financial concerns.

Under this proposal, the normal 50-50 cost-share between the landowner and NRCS, would become a 50% NRCS, 40% WSRCD ERP Grant, 10% landowner cost for the purpose of getting the more expensive projects completed so the environmental benefits can be realized, but in addition, broadening the education component through greater community outreach, ranch tours, education exhibits, and publications. In addition to funds for the 22 projects, \$75,000 is requested to be used as cost-share for further rounds of EQIP projects yet to be identified, to keep the momentum going on projects that contribute to understanding the relative effectiveness of different conservation-based farming practices and systems, and their contribution to larger restoration efforts and projects that develop and implement agriculture activities that benefit MSCS-covered species. Total match for this request is 41%. NRCS is the lead for NEPA compliance, while WSRCD is the lead for CEQA compliance.

Selection Panel Findings:

The Panel noted that while the work in this proposal was not technically within a priority area, this watershed contributes to the Sacramento River, which is a priority for the PSP. The Panel further noted that this project has the potential to provide ecological benefits and is strengthened because it brings together a broad coalition of partners. The Panel recommends reconsidering this proposal at the level of \$275,000 if revisions are made. These include providing greater clarity on: the monitoring plan; demonstrating that EQIP funds are secured; eliminating the \$75,000 for undefined future cost share match. In addition, the proposal needs to further discuss the potential ecological benefit of the seven projects (e.g. are they isolated projects or is there some synergy to be gained), and the proposal needs to put the projects within the greater watershed context.

Selection Panel Recommended Action: fund with conditions
Amount Recommended for Funding: \$275,000

Proposal Name: Fish Friendly Farming Environmental Certification Program
Proposal Applicant: California Land Stewardship Institute
Amount Requested: \$1,000,243

Executive Summary:

This proposal would fund the Fish Friendly Farming (FFF) Environmental Certification program in the Napa River watershed for three years and implement significant numbers of creek restoration and erosion control projects. In addition this proposal would fund the data collection for an economic model of the costs and benefits to farmers of implementing environmental improvements. The FFF program is an incentive-based comprehensive program for farmers to inventory and assess their property and apply Beneficial Management Practices (BMPs) to reduce erosion, conserve water, increase native habitats and enhance aquatic habitats. The Napa River watershed supports threatened steelhead trout and Chinook salmon. The Napa River is listed as impaired for fine sediment under the Clean Water Act. Both of these environmental problems are caused by numerous land use activities throughout the watershed and will only be remedied by comprehensive programs that alter land use practices and implement resource enhancement and restoration projects.

Landowners enroll a specific property in the FFF program and work with technical staff to complete a Farm Conservation Plan. The assessments include the owner/managers familiarity with the site and the current management practices and the technical expertise of an erosion control specialist and/or revegetation/restoration professional. The FFF program incorporates the concepts of adaptive management by revising agricultural practices to sustain and produce good quality water and salmonid habitats. In order to increase environmental improvements in specific tributaries landowner outreach will be focused in those areas.

The Farm Plan inventory documents all existing and potential sediment sources including natural features, all concentrated flow sources both in the vineyard and on all other areas of the site, viticultural methods including chemical applications, detailed road assessments for both currently used and inactive roads dating from prior land use activities, inventory and detailed assessment of all creeks and waterways with native plant revegetation and geomorphic-based restoration plans. The Farm Plan contains a list of required implementation actions and a timeline for each. In this manner the Fish Friendly Farming program addresses the numerous causes of water quality and riparian and aquatic habitat problems in one comprehensive effort. The Farm Conservation Plan is then "certified" by three regulatory agencies, the CA. Department of Fish and Game, NOAA-Fisheries and the SF Bay Regional Water Quality Control Board.

While the FFF program works in conjunction with a variety of agencies to fund and implement major projects, the landowner/manager implements the majority of the improvements listed in the farm plan. Only about 25% of the sites enrolled involve a major project. On most sites 100% of the improvements are funded and implemented by the private landowner. In addition the landowner completes operation and maintenance of program-funded projects. This is an enormous benefit to the public and the resource as one of the biggest causes of failure in stream restoration projects is a lack of regular maintenance activities including removal of invasive plants, irrigation of native plants, weed removal around plantings and protection of plantings from trampling and grazing by livestock or wild animals. The landowner/manager completes these tasks on their property and photo monitors the results as part of the certification process.

FFF represents a new model for collaborative efforts between government and private landowners. Since 1999, over 37,000 acres have been enrolled in the FFF program in

Sonoma, Mendocino and Napa Counties. Of the 37,000 total acres enrolled 14,500 are vineyards. We evaluate and certify the entire property not just the vineyards. A total of 16,200 acres have been through the certification process with the remaining approximately 20,000 acres in line for certification in 2006.

Selection Panel Findings:

The proposal outlines a very strong approach, and this appears to be a good project. The applicant has been successful in involving land owners. The Selection Panel recommendation is to fund with conditions with a revised dollar amount, but not to exceed the requested amount, as appropriate based on the suggested changes outlined below. The main drawback of this proposal is that it needs a stronger emphasis on, and greater detail in, its monitoring and economic analysis. The applicant should provide information on the qualifications and experience of the people involved in the monitoring plan and economic analysis (i.e., provide CVs of the people providing the work). The applicant also needs to clarify criteria used for the selection of restoration components. The applicant also needs to clarify criteria for cost sharing creek restoration and erosion control projects. Establishing criteria for high priority areas, key resource concerns, and access as demonstration site should help maximize environmental benefits from cost-sharing.

Two letters of support, a set of questions from the Regional Water Quality Control Board and a letter from the applicant addressing the findings of the Panel were received. Comments from the RWQCB raised questions about the criteria used to identify potential areas for the program, the specific types of problems and the restoration techniques that will be used by the applicant. These points are addressed in the letter from the project Principal Investigator (PI). The PI's comment letter did not address questions about how the funds will be used.

The response from the PI specifically addressed the Panel's concerns regarding the monitoring plan. The PI has committed to increasing the budget and to reconvening their Science Advisory Panel to develop a revised, more comprehensive monitoring plan in a timely manner.

Selection Panel Recommended Action: fund with conditions
Amount Recommended for Funding: \$1,000,243

Proposal Number: 0049

Proposal Name: American Basin Working Landscapes Project

Proposal Applicant: Placer County Resource Conservation District

Amount Requested: \$1,860,898

Executive Summary:

Location: The project area is located within the American River Basin Ecological Management Unit that lies north of the American River and between the Sacramento River, Feather River and the Sierra Nevada foothills. The specific project landscaped-sized area (American Basin Working Landscape) is located between the Bear River on the north, the Feather River on the west, the Natomas Cross Canal on the south and State Hwy 65 (Attachment A) that represents a unique and prime candidate for a working landscape initiative.

Project Type: pilot/demonstration, full-scale implementation, acquisition.

Objective: Work with the local collaborative effort, American Basin Working Group, to integrate habitat restoration and enhancement for CALFED MSCS-covered species in working landscape setting that keeps private agricultural lands in production and promotes agricultural profitability and species abundance.

Approach: This project will use a collaborative approach to convene key stakeholders together and utilize GIS technology to develop a working landscape model for the American Basin. The working landscape will be developed by assessing key habitat areas and agricultural attributes that support MSCS-covered species and design optional methods of protections within the basin, i.e., Agricultural Easements, Flood Plain Easements, Riparian Restoration/Buffers, Wetland Restoration, and Irrigation Management Practices. The project will build on existing working partnerships and collaborations between Placer and Sutter county farmers, County Resource Conservation Districts and Ducks Unlimited to purchase development rights on farmlands from willing sellers.

Expected Outcomes: (1) Increase the area of rice fields and other croplands flooded in winter and spring to provide high-quality foraging habitat for wintering and migrating waterfowl and shorebirds and associated wildlife especially giant garter snake; (2) purchase flood and/or conservation easements from willing sellers on which to restore wildlife habitat to connect existing grassland or agricultural wildlife habitat; (3) develop a cooperative program with farmers to conduct wildlife-friendly practices; and (4) restore and maintain riverine aquatic habitat within critical habitat designation for steelhead trout.

Relationship to ERP Goals: This project will support the following ERP Goals: (1) Recover endangered and other at-risk species and native biotic communities by protecting wildlife-friendly agriculture and habitat values associated with MSCS-covered species and restoring and protecting riparian areas and wetlands located in designated critical habitat for steelhead trout; (2) Rehabilitate ecological processes by protecting restoring and protecting key riparian areas, natural wetlands and wildlife-friendly agricultural practices that support the life history requirements of MSCS-covered species; (3) Protect and restore habitats (see ERP Goals 1 & 2); (4) Improve or maintain water and sediment quality by restoring stream bank stabilization and constructing improved stream crossings and sediment control measures; and, (5) encourage seasonal flooding of agricultural fields to provide wetlands benefits for special status species requiring shallow-water habitat.

Budget: The total cost of this project will be \$1,860,898.25 to date the project has \$8,418,000 in pending matching dollars. Matching funds are the sum of both committed and future funding sources.

Summary: This project is an agricultural protection project integrating ecosystem restoration. The project includes the following components: (1) Placer and Sutter Counties working landscape strategy; (2) Coon Creek riparian restoration projects; and, (3) farmland protections through the use of agricultural easements. The project will restore and maintain riverine aquatic habitat on private lands and underwrite farmland protection opportunities that will add an appropriate scale and contiguous function to help support a regional working landscape.

Selection Panel Findings:

The proposed project would develop a GIS-based "American Basin Working Landscape

Strategy", implement three specific riparian and wetland restoration projects, and prepare the applicants to purchase up to four wildlife-friendly agricultural easements. These efforts would complement similar efforts in the American Basin funded for more than \$8 million in private, state, and federal grants. Although the Regional Panel gave this proposal an excellent rating, the Technical Review Panel gave the proposal only a fair rating. The Technical Panel felt the proposal lacked detail concerning the methods used to develop the strategy and evidence that the projects would help species of concern. This proposal does have the potential to benefit target species (including giant garter snakes), would develop a strategy designed to be consistent with the needs of several potential cost-share partners (including Farm Bill sources), and works directly with farmers to preserve farmland as habitat.

The Selection Panel felt that the strategy would be especially useful and recommended funding adequate to support developing the strategy (likely between \$100,000 and \$150,000, including portions of Tasks 1, 5, and 6 and all of Task 2). The Panel did not recommend funding the restoration projects or easement development as there were too many concerns associated with these efforts because it was not clear how durable the restoration projects would be given the threat of development in this area. For example, the proposal listed several parcels for restoration but did not list any parcels proposed for easements. Funds are proposed for mere execution of option agreements, legal review and due diligence revisions, with the expectation of subsequent easement funding from other sources. Therefore, the Panel does not support funding that component of the proposal.

As noted above, the Panel recognizes that developing an American River Basin Working Landscape Strategy, as identified in Task Two, would be a useful tool, and recommended funding of \$100,000. One comment letter was received from a co-applicant that recognized the value the \$100,000 would bring to the proposed efforts, but noted that the funding "will do little to ensure a long-term guarantee that will protect habitat... or secure (habitat-friendly) farming practices". The comment letter addressed a number of other issues, repeatedly identifying the need for \$600,000 for easement acquisition to be matched with \$8,000,000 in pending funding from other sources.

The Panel recognizes that the project proponent acknowledged the progress it could make with the amount recommended. However, it concluded the applicant did not adequately demonstrate that matching funds would be available and able to be specifically committed for acquisition of easements protecting multiple resource values. The Selection Panel stands by its initial findings on this proposal.

Selection Panel Recommended Action: fund with conditions
Amount Recommended for Funding: \$100,000

Proposal Number: 0070
Proposal Name: A Socio-economic and Behavioral Analysis of Farmers' Decisions to Adopt or Reject the CALFED Conservation Initiatives
Proposal Applicant: Sonoma State University
Amount Requested: \$175,228

Executive Summary:

This proposed study would examine why farmers and ranchers choose to adopt or reject the CALFED-sponsored conservation initiatives that are funded through this solicitation. The objective of this research is to identify how policymakers and project designers can intervene to influence that choice, and increase adoption rates. This study meets ERP funding priorities by:

1. Assessing the economic, agronomic, and social benefits and costs associated with agricultural activities benefiting wildlife and fish.
2. Supporting future projects seeking to enhance ecosystem restoration in an agricultural landscape

The study will investigate four to five CALFED-sponsored agri-environmental projects that require farmers and ranchers to adopt some kind of techno-managerial change, such as altered cropping and harvesting patterns, vegetative filter strips, and irrigation management. It will focus on two or three regions, with the North Delta, Yolo Basin and San Joaquin Basin most preferred.

The study will explore the entire innovation adoption process. It will first (1) assess farmers' and ranchers' a-priori attitudes towards conservation and techno-managerial change, and create a typology to represent where they fall in a motivational spectrum. It will then (2) investigate the impact that projects' recruitment activities have on those attitudes, and analyze their effects on adoption rates. It will also (3) observe the material and institutional constraints that impede farmers and ranchers from adopting the techno-managerial changes, and appraise how those, too, impact adoption rates. These analyses will reveal exactly where the impediments lie to broader adoption. Finally, the study will (4) identify the most important factors influencing farmers' and ranchers' long-term commitment to the conservation innovations.

The study will apply both behavioral and socio-economic analytical approaches. It will interview at least 150 to 200 farmers and ranchers, including adopters and rejecters of the conservation innovations. The interviews will collect data on their attitudes, perceptions and motivations, as well as the economic and agronomic impacts of the innovation on their production systems. It will use multivariate statistical techniques to test several hypotheses concerning how the motivational and economic factors impact adoption behavior.

This proposed study is an essential component of this CALFED initiative for three reasons. First, why farmers and ranchers accept or reject conservation initiatives is the least understood, and yet possibly the most critical factor in determining whether farm-based conservation initiatives will ever have a significant impact on the Bay-Delta Region. Second, the agri-environmental projects' internal assessments will not likely focus on farmer behavior since the proposal solicitation demands that they concentrate on how their activities impact ecosystems and wildlife. Third, if the projects do any analysis of this kind, they will each develop their own assessment criteria, variables, and methods of analysis. It will, therefore, be extremely difficult for the CALFED Bay-Delta Program to make legitimate comparisons between projects, and discover the common patterns and lessons learned. Only a study that is specifically designed to systematically and uniformly investigate farmers' and ranchers' motivations and economic contexts, and one that investigates a large number of them, will be able to reach solid conclusions that can be used to guide future policies and project designs.

Selection Panel Findings:

The Selection Panel found this to be a fascinating proposal because it seeks answers to

the questions "what is likely to change farmers' mindset about a project; how to carry a project to success; and how to be an advocate for the project"? The Panel recognizes that it is important for the program to invest in researching this. The Panel recommends funding this proposal if revised. In particular, the applicant should strengthen the methodology; develop a broader sampling base; consider the use of a focus group to gather information (vs. phone survey); use students experienced with farmers and knowledgeable of the farming industry; and work closely with a well established entity within the agriculture community to ensure acceptability from farmers (and a reliable sampling). In addition, there may be the opportunity to coordinate questions for the survey tool with other projects in this PSP. The Panel recommends that if possible, the applicant work with other projects to develop and implement it.

The Selection Panel indicated that the conditions which need to be met include: 1) Use local farm bureaus and resource conservation districts and perhaps conduct town hall meetings or forums as a part of the Task 2 and Task 3 activities; 2) Identify survey respondents who did not adopt conservation innovations; 3) Identify survey respondents who applied for and won grant awards to conduct conservation innovations but subsequently opted to not perform the innovation(s); 4) Clarify that survey respondents targeted are not selected solely based upon PSP grants, but also are based on conservation innovations funded by other sources; and 5) Provide more clarity on sampling strategies for both baseline (single region or multiple region) and subsequent targeted sampling. Describe what criteria will be used to ensure the survey is not biased, by only interviewing easy to reach participants.

Selection Panel Recommended Action: fund with conditions
Amount Recommended for Funding: \$175,228

Proposal Number: 0073

Proposal Name: Sandhill Crane Use of Agricultural Lands in the Sacramento-San Joaquin Delta Region

Proposal Applicant: US Geological Survey

Amount Requested: \$493,033

Executive Summary:

This project is an applied research study to evaluate how (1) CALFED's investments in land acquisitions, easements and habitat enhancements in the Sacramento-San Joaquin Delta region (hereafter called the Delta) can contribute to the conservation and recovery of threatened Greater Sandhill Cranes (*Grus canadensis tabida*); (2) understand how cranes use agricultural landscapes to meet their life history needs in winter; and (3) develop recommendations for crane friendly agricultural practices for private farmers. Detailed information on crane habitat requirements and movement patterns is needed to understand the critical links between land use practices and habitat needs for cranes and between properties purchased by CALFED and surrounding privately owned lands. In addition, we need to consider crane use at a larger spatial scale, asking questions about connectivity among sites and the relative importance of CALFED properties in meeting the needs of all cranes wintering in the Delta Region. Specific objectives proposed for this project include: (1) characterize crane foraging habitat use in the agricultural landscape of the Delta region; (2) characterize the physical properties of crane roost sites and correlate crane population size at a roost with physical characteristics of a roost (e.g., size); (3) estimate Sandhill

Crane abundance and characterize distribution in the study area during fall and winter; (4) document timing of arrival, abundance, and subspecies composition at key roost sites in the study area; and (5) characterize the daily movement of Lesser and Greater Sandhill Cranes between roosts and foraging fields and seasonal movements between use areas to define winter home range sizes and landscapes used by cranes. The proposed study area for field work will include the Delta, northern San Joaquin Valley and east side tributaries regions. CALFED has invested over 46 million dollars to acquire and enhance properties that influence the value of the Delta, northern San Joaquin Valley, and eastern tributaries regions for wintering Sandhill Cranes. Purchases of import include 10,130ac associated with the Consumnes Preserve, 537ac Sun River Ranch that will become a unit of Stone Lakes NWR, and 9,100 ac Staten Island. In the San Joaquin Valley, 10 million dollars were invested in the expansion of San Joaquin River NWR to restore 777 acres of floodplain habitat. These habitat acquisitions may benefit most species of aquatic and terrestrial wildlife, but were intended to specifically contribute to the recovery of at-risk native species identified in the Multi-Species Conservation Strategy (MSCS), the number one goal of CALFED's Ecosystem Restoration Project (ERP; CALFED 2000). The Greater Sandhill Crane is listed as Threatened under the California Endangered Species Act and is classified as an at-risk native species by CALFED's MSCS. CALFED has invested in several years of monitoring work (Ivey and Herziger 2003, Ducks Unlimited unpublished data) on Staten Island. These monitoring efforts have been valuable, but they are sight or project specific. Our project dovetails with these earlier efforts by extending basic monitoring in some areas, and expanding beyond project monitoring to address questions about species ecology and land use practices that are needed to develop a comprehensive plan to design a conservation strategy for cranes in the Delta. We will submit quarterly and annual reports for each part of the proposed work that will include financial status, activities during the period, tasks completed, products produced, problems encountered, and any modifications to the proposed work. A final technical report describing the results of the studies with specific conservation and management recommendations will be submitted by the end of the project.

Selection Panel Findings:

This proposal is responsive to the PSP. It is well written and the project area is centered in sandhill crane habitat. Significant opportunity exists with this project to determine sandhill crane utilization of land purchased by the ERP. Recommendations coming from this project should prove to be practical for land managers. The panel felt that this project should be funded as long as the proponents meet the following conditions (1): provide a more detailed budget; (2) include pre-project contact with landowners, and (3) strengthen the linkage to changing ag practices.

One comment was received during the public comment period in support of the proposal. The comment was very supportive of the applicant's work and usefulness of the methodology. No dissenting comments were received.

This comment does not affect the Panel's earlier recommendation of Fund with Conditions. The conditions noted above must be addressed during the development of the scope of work.

Selection Panel Recommended Action: fund with conditions
Amount Recommended for Funding: \$493,033

Proposal Number: 0086

Proposal Name: Evaluation Of Giant Garter Snake Response to CALFED'S Environmental Water Account Program: Adaptive Management for Wildlife Friendly Farming

Proposal Applicant: United States Geological Survey

Amount Requested: \$1,187,367

Executive Summary:

Giant garter snakes (*Thamnophis gigas*) were once found in wetlands throughout the Central Valley from Butte County in the north to Buena Vista Lake in Kern County in the south. These snakes have been extirpated south of Fresno and populations are severely reduced in the remainder of the San Joaquin Valley. Giant garter snakes have adapted to rice agriculture as cultivated wetlands, and significant populations exist throughout the rice production region of the Sacramento Valley, living in irrigation ditches as well as emergent rice fields. Populations of giant garter snakes have been adversely affected by large-scale land use changes that altered or converted their original wetland habitat. New stresses for giant garter snakes would come from agricultural land use changes that would reduce rice agriculture.

Such a stress may result from CalFed's environmental water account (EWA), which would potentially fallow rice land to use the water to protect at-risk fish in the Delta. Because of the potential negative effect of agricultural fallowing on remaining giant garter snake populations, the U.S. Fish and Wildlife Service issued a Programmatic Biological Opinion on the EWA in January 2004 that specified expectations of CALFED's Ecosystem Restoration Program (ERP) to address a conservation strategy for giant garter snakes. To ameliorate the effects of rice fallowing on giant garter snakes the FWS recommends that permanent wetlands be created to replace lost rice habitat and that water be maintained in the irrigation supply and drainage ditches adjacent to fallow fields. The sufficiency of habitat restricted to these ditches has not been evaluated for maintaining snake populations until the rice is grown again. We propose to address major requirements of the FWS Biological Opinion by evaluating the potential effects of rice field fallowing on giant garter snakes to meet this information need in establishing valid regulatory guidelines for the CalFed EWA program. In addition we propose to assess giant garter snake habitat use in selected habitat restoration projects to guide adaptive management of these habitats to benefit giant garter snakes.

We will conduct our studies in areas of known giant garter snake populations near the Colusa Basin Drain (Ridgecut Property) in Yolo County and at Gilsizer Slough in Sutter County. We will also study fallowed rice lands as identified by the California Waterfowl Association in the Richvale Irrigation District and Western Canal Water District of Butte County. Our approach will have two major components. We will mark individuals for long-term assessment of population viability in the project areas through mark and recapture population estimates. Mark and recapture work can be easily replicated for future evaluation. We will also radio-mark selected individual snakes to determine habitat use and specific responses to fallowing and habitat management. We will compare year-to-year movement patterns for individual snakes and evaluate potential effects of fallowing on snake survival, movements and habitat use. We will also use these approaches to assess snake use in wetland restoration sites and response to habitat management. In addition to publication of our results we will host a workshop to educate stakeholders about the results of this work and its implications for wildlife friendly farming practices. We will also establish a web page to provide information about the project and about giant garter snakes and their life history and habitat requirements.

Selection Panel Findings:

The Selection Panel likes that the proposal is tied to Environmental Water Account (EWA) and wildlife friendly agriculture/working landscapes, and that the proposal is highly responsive to this PSP. The proposal provides information that the agencies want and need relative to the Biological Opinion for the EWA and recommended funding the project with revisions. The PIs are well-qualified and experienced, and the proposal has an excellent data management approach.

The proposal should be revised to more clearly connect the evaluation to agricultural management actions. The proposal should also be revised to ensure that the deliverables include peer-reviewed articles of journal quality and deliverables such as maps and journal articles should be described in the schedule. (Recognizing that publication takes time beyond the scope of the grant, the proposal should establish that there is sufficient funding for journal articles.) The deliverables should spell out that the data and products are made available to CALFED agencies. The proposal should be revised to include clearly written hypotheses, and not just objectives. The Selection Panel is concerned that there is a limited pool of expertise on Giant Garter Snake, and recommends and requires that the applicants ensure sufficient staffing and resources are applied to the proposal. This study depends on managed wetlands yet to be created by another proposal. The applicant would need to specify how this project is viable not withstanding the restoration on CWA study sites that may not be funded.

Selection Panel Recommended Action: fund with conditions
Amount Recommended for Funding: \$1,187,367

Proposal Number: 0088

Proposal Name: Yolo-Solano Conservation Partnership for Habitat on Working Lands

Proposal Applicant: Yolo County Resource Conservation District

Amount Requested: \$2,257,978

Executive Summary:

Both public investment and farmer interest need to increase dramatically to bridge the gap from patchwork restoration projects to landscape-scale changes. The Yolo-Solano Conservation Partnership between Yolo and Solano Resource Conservation Districts, Audubon California, Center for Land-Based Learning, NRCS and Solano Land Trust is a model for such a bridge. In this proposal, the partnership effectively develops on-farm demonstrations and collaborates with UC, USGS, and private non-profit researchers to assess farm-habitat linkages and provide information to increase farmer participation and to convince the public of the value of conservation on private land.

This proposal represents the next step in furthering that model, and will provide:

- 1) Initial implementation of three aspects of barrier reduction programs including landowner assurances; permit streamlining and conservation fund leveraging;
- 2) New information regarding farm pond benefits for native aquatic and terrestrial species;
- 3) Further documentation of on-farm habitat improvement benefits for wildlife;
- 4) Social and economic analysis of farm ecosystem services;
- 5) Extension of the project model to other regions; and
- 6) Effective information dissemination and exchange through public workshops, presentations, youth education and small publications.

The project is located in the Yolo Basin Ecological Management Zone 10.4.

Approach

Implementation of the proposed projects will embrace a deliberately experimental approach and acknowledge that much uncertainty exists regarding ecological restoration in a manner compatible with existing agricultural systems. The model is based on the following broad assumptions: 1) Streamlined regulatory requirements, increased economic incentives and technical support will lead to increased farm habitat and sustainable management of wildlife and other natural resources; 2) Projects on private farmland will provide effective habitat for important species such as giant garter snake, valley elderberry longhorn beetle and Sacramento perch; and 3) Other regions using these incentives, practices and partnerships can successfully perform similar work. A conceptual model providing the interrelationships between problems, project tasks and outcomes is provided in the proposal text.

The Yolo Solano Conservation Partnership supports following goals and components from the Ecosystem Restoration Program Plan: 1) encourage agricultural management practices that improve wildlife habitat values to support special-status wildlife and other wildlife dependent on the Bay-Delta; 2) increase the health of its important ecological processes, habitats, fish, wildlife and plant populations and makes substantial contributions to the health of the Bay-Delta; 3) modify land stewardship practices to correct negative impacts while maintaining and improving the agricultural economy; 4) integrate agriculture and natural habitats to support ecological health; and 5) actively involve landowners and local watershed groups critical to the maintenance and restoration of Bay-Delta ecosystem.

Expected outcomes

The project proponents expect to accomplish the following: 1) improved and increased wildlife habitat on farmlands; 2) increased learning and lessons regarding on-farm habitat restoration; and 3) increased public perception of the full value of agriculture and willingness to support incentives programs that safeguard and enhance wildlife and habitat.

Selection Panel Findings:

The proposal is within Yolo and Solano counties, portions of which are identified as high priority areas. It builds upon established partnerships, ones that have worked well together. The partnership is comprised of a diverse, well qualified team that builds upon an established track record. The proposal demonstrates involvement of landowners. The monitoring proposal is specific, detailed, and clear, showing relevance to the PSP priorities and demonstrating the bridge between ag practices and ecosystem benefits. That being said, the performance measures were not well defined and need further work to clarify how monitoring from component pieces interrelate and contribute to measuring outcomes. The Technical Review Panel review was favorable for this project.

As a condition of funding, proponent should (1) prepare a more meaningful socio-economical evaluation with a full description of methodologies and (2) structure scope of work to ensure the performance measures (performance evaluation plan) are laid out and identified prior to initiation of major work. Additionally, the proponent needs to publish its results in the areas of (1) the proxy methodology for the giant garter snake and (2) the socio-economic study. Suggested revisions by the Selection Panel also include the applicant's need to demonstrate experience and expertise in socio-economic skills.

One comment was received from the applicant on this proposal during the public comment period. It provided additional information related to the conditions identified by the Selection Panel. This information will be used by the agencies in developing the scope of work.

The Selection Panel supports their initial recommendation to fund with conditions..

Selection Panel Recommended Action: fund with conditions
Amount Recommended for Funding: \$2,257,978

**ATTACHMENT 2
SELECTION PANEL RECOMMENDATION
FOR PROPOSALS TO RECONSIDER IF REVISED**

Summary Table: Proposals Recommended to Reconsider if Revised

Number	Title	Amount Requested	Amount Awarded
0030	Selby Creek Stream Habitat Restoration and Revegetation Project	\$475,000	\$475,000
0040	Providing Landowner Incentives to Encourage Riparian Restoration and Natural River Processes on Working Landscapes	\$2,148,602	\$600,000
0044	Rice-Cover Crop Rotation Pilot Program	\$1,649,051	\$1,649,051
0093	Delta Working Landscapes	\$1,274,066	\$800,000
Subtotal			\$3,524,051.00

Proposal Number: 0030

Proposal Name: Selby Creek Stream Habitat Restoration and Riparian Revegetation Project

Proposal Applicant: Bioengineering Institute

Amount Requested: \$475,000

Executive Summary:

The Selby Creek Stream Habitat Restoration and Revegetation Project (Selby Creek Project) seeks to address, and thereby enhance, the relationship of farmers and landowners to the local environment. The Project will restore the entire length of Selby Creek in its watershed encompassing over 600 acres of land, and seeks to provide an ecologically healthy connection between the upper reaches of the watershed, Dutch Henry Creek, and the Napa River, in an area that has currently one of the remaining known steelhead fisheries in the Valley. Located in northern Napa County, California, Selby/Dutch Henry Creek is a tributary to the Napa River, which flows to San Pablo Bay. Selby/Dutch Henry Creek is a second order stream and has approximately 4.9 miles of blue line stream.

The Selby Creek Project is the work of the Selby Creek Watershed Partners, (SCWP) a formally organized landowner group representing a total of 13 residential, agricultural, and business landowners, partnering together since 2002 to "learn how to create a viable relationship between the creek as a living system and the community of farms and homes in the watershed." The Bioengineering Institute fiscally sponsors the SCWP. The Project has been developed through the collaboration of a number of experts working in environmental restoration, all with experience on the Napa River, and has the support and collaboration of the Napa Resource Conservation District, the Napa County Board of Supervisors, and the Napa Vintners Association.

The Selby Creek Project is a comprehensive plan to restore, stabilize, and revegetate over 224 separate sites (in 8 distinct reaches) encompassing the entire stretch of Selby

Creek in the watershed. The restoration and revegetation measures proposed address several ERP priorities including construction of cost effective, low impact bioengineering structures to accomplish erosion control, expand the flood plain, create fisheries habitat and stabilize the stream banks. The vegetation component will expand a near non-existent riparian zone and prevent the establishment of additional non-native species in the watershed.

The specific objectives of the Selby Creek Project are:

- 1) To obtain technical assistance in order to continue to gather scientific data that defines and describes the unique characteristics of the watershed and to use analysis of this data to further protect and enhance the natural environment of the watershed.
- 2) Use innovative bioengineering technology to stabilize banks, reduce erosion, expand floodplain and enhance habitat by expanding and enhancing riparian vegetation at 224 sites, along 8333 ft. of channel and over 16,600 feet of streambank.
- 3) Enhance the riparian zone, and revegetate a total of 16 acres on sites adjacent to the stream bank.
- 4) To establish long term monitoring procedures in order to continue to assess success of improvement measures as well as determine future activities to benefit the long-term health of the watershed.
- 5) Identify and utilize local and regional resources to introduce and promote the Selby Creek Project to the greater Napa Valley community and provide opportunities for educational and instructional activities to landowners and the local community focused on ecosystem management principles and practices.

The following outcomes are anticipated: for restoration: stream length treated: 1.51 miles; stream length stabilized: 1.36 miles; sediment prevented from entering the stream: 6202.4 cubic yards; for Vegetation Management: Area planted: 24 acres; with 350 trees, 1300 shrubs, and over 1000 subshrubs/perennials.

The revegetation and vegetation management component occurs after stream bank measures are concluded and features removal of invasive plants, preservation and enhancement of over-story vegetation, as well as propagation and planting of native plants and grasses according to local vegetation management practices, all to improve riparian habitat and reduce erosion and flooding occurrences. During Project implementation, Acorn Soupe, an environmental educational organization, will work in tandem with the Napa RCD and in-place project experts and teach the concepts of water quality, stream bank stabilization, native and invasive plant species, watersheds, and preserving local habitat to local children grades 1-12. The Community Outreach component is designed to encourage further public participation in decision-making and to promote respect for sustainable uses that protect our interdependent ecosystems, introducing appropriate and effective management of our agricultural lands.

Selection Panel Findings:

The Selection Panel recognized that this proposal is for a project in a priority area for the PSP. The proposal uses an experienced team and the proposed restoration targets priority species. All in all, the proposal seems to be going in the right direction; however, there are weaknesses. The Program will reconsider this proposal if it is revised to address the following weaknesses: a conceptual model needs to be more clearly articulated (consider using flow model for this); the monitoring plan needs further development including hypothesis-testing (There seems to be the opportunity to perform hypothesis testing on what practices are appropriate and the proponent should take advantage of this opportunity.); performance measures should be developed (It is not

appropriate to measure the success of the project based on the number of tasks completed.); a rationale for the vegetation plan needs to be provided; the outreach plan needs to be strengthened; and greater budget detail needs to be provided. The proposal should also provide a description of how other farmers will be motivated to participate.

Three sets of comments were received on this proposal: one from the San Francisco Bay Regional Water Quality Control Board, one from the applicant, and lastly one from the consultant to the applicant. The Regional Board questioned the selection of this proposal. The Selection Panel noted that this proposal was responsive to the goal of the PSP, is within the priority area, and is an important stream affecting anadromous fish in the Napa River Watershed. The applicant noted that a consultant has been hired to assist with restoration activities on this creek. The Applicant also provided some additional information during the comment period that begins to address concerns raised by the Selection Panel. The Selection Panel is encouraged by this material and looks forward to seeing the revised proposal. As noted above, the Selection Panel is expecting a (1) monitoring plan, including hypothesis testing and performance measures, (2) a rationale for vegetation plan, (3) a strengthened outreach plan, and (4) greater budget detail.

Selection Panel Recommended Action: reconsider if revised
Amount Recommended for Funding: \$475,000

Proposal Number: 0040

Proposal Name: Providing Landowner Incentives to encourage Riparian Restoration and Natural River Processes on Working Landscapes.

Proposal Applicant: CSU, Chico Research Foundation

Amount Requested: \$2,148,602

Executive Summary:

Over the past five years, the Sacramento River Conservation Area Forum (SRCAF) has developed and managed a Project Review and Tracking program that helps address impacts to neighboring landowners, and improve ecosystem benefits, from activities on public land within the Sacramento River Conservation Area. Through recommendations made by both the Board and Technical Advisory Committee (TAC), the SRCAF has influenced nearly 100 projects along 222 miles of the Sacramento River. While riparian habitat has increased significantly, it has become clear that in order to provide habitat for key species that rely on the riparian corridor of the River and also address CALFED ERP goals and priorities, additional conservation efforts on private land are needed. To do that, a sound approach that encourages landowners to incorporate better habitat conservation practices on their land must be developed.

The goal of this project is to encourage and facilitate the stewardship and restoration of riparian habitat on agricultural lands within the Sacramento River Conservation Area. This will be accomplished through the initiation of a Coordinated Conservation Effort that provides landowners the incentives and assurances needed to incorporate habitat restoration into their agricultural activities. Two years ago, the Landowners Assurances

Committee (LAC) received a grant from the Great Valley Center to help develop a Good Neighbor Policy (GNP). Through those discussions, the concept for this grant proposal was developed by members of that committee. The key elements of this proposal are to (1) investigate and develop a regulatory assurances program to protect participating landowners for incidental take of endangered species, and (2) develop an assistance program to help landowners access incentive programs for habitat conservation. The regulatory assurances task will investigate the species and area to be covered, develop an agreement that provides assurances to protect landowners for incidental take of those species, and establish a framework for administering the program. The TAC has developed a matrix of threatened & endangered wildlife species and landowner concerns to help guide the selection of target species for an incidental take agreement. These species include: Giant Garter Snake, Bald Eagle, Bank Swallow, Least Bell's Vireo, Swainson's Hawk, Western Yellow Billed Cuckoo, Willow Flycatcher, and Valley Elderberry Longhorn Beetle. Anadromous fish species may also be considered. The SRCAF, through extensive public involvement, would be involved with developing the assurances agreement, establishing the parameters of monitoring, and adapting management protocols to meet ERP goals.

The incentive package will include the development of a suite of programs from various sources for conservation on private lands to help landowners prepare applications, provide technical information, and assist in resolving permitting problems. This process will focus on meeting ERP goals of improving riparian habitat within the migratory corridor of the Sacramento River. At least one demonstration project to remove invasive plant species to restore native vegetation is planned, and pilot projects to investigate and develop plans for private mitigation banks are also included. The SRCAF is coordinating with the appropriate entities to establish a conservation banking program that would offer landowners the opportunity to receive tangible benefits for preserving habitat in perpetuity.

Coupled with the local involvement assured through the makeup of the SRCAF Board and the use of project review and tracking, these tasks cover the issues identified in the GNP by the LAC and create a balanced format for the integration of agricultural activities and ecosystem restoration along the Sacramento River.

Selection Panel Findings:

The Selection Panel will reconsider this proposal if revised. The Panel indicated that the numerous components of the project aren't necessarily integrated and there was insufficient detail in the budget. Additionally, the Panel noted that the applicant may not have strong support from certain segments of the landowner community. The Panel recommends funding only the tasks related to safe harbor and basic landowner conservation assistance for \$600,000. The revisions to the proposal should focus on the development of a safe harbor agreement, demonstrating better integration with the USFWS process. The proposal should be clear on its commitment to provide a state ESA safe harbor agreement under applicable provisions of the Fish and Game Code. The proposal should also focus on basic landowner assistance, including permit assistance, the conservation assistance library publication, and related landowner workshops and conservation tools. The applicant should provide a revised budget that includes a more detailed breakdown of costs and provide a response to the concerns about landowner support raised in the regional review.

Several comments were received on this proposal. One set of comments came from SRCAF responding to the initial comments from the Selection Panel indicating a commitment to address the budget detail, monitoring program, and include treatment on

how a state safe harbor agreement might work. They also noted that they are working on funding for continued support of the Forum.

Three sets of comments were in opposition to funding this proposal. One of these included attachments documenting the lack of support by local interests for the Forum until a Good Neighbor Policy is adopted. One issue raised by the commenter was a lack of community landowner support for this proposal; in response to this issue, the Forum indicated that they had not requested any letters of support. The Selection Panel noted that, in general, the ERP PSP discourages submission of letters of support.

The Selection Panel noted that the comment letters raise the question that without confirmed local government or landowner support, whether these funds can be used successfully. The Selection Panel noted that this proposal was directed at answering the key complaint of these entities. The Panel noted that safe harbor is one of the tools that can be used to address landowner concerns. This proposal is about making this tool available to landowners.

The Selection Panel recognized that the applicant had the responsibility of showing there was local support for this project. The applicant did not explicitly address the controversy associated with SRCAF and this project. That being said, the proposal meets the requirements of the PSP and goals of the ERP. As noted above, the proposal had some deficiencies so the Panel recommended that it should be reconsidered if revised. As part of this process, the proposal needs to be revised to address panel comments and concerns, and show that they have sufficient local support to work with individual landowners for implementation of a successful safe harbor agreement. Once the scope meets agency staff requirements, it will be sent out for further review.

Selection Panel Recommended Action: reconsider if revised
Amount Recommended for Funding: \$600,000

Proposal Number: 0044

Proposal Name: Rice-Cover Crop Rotation Pilot Program

Proposal Applicant: California Waterfowl Association

Amount Requested: \$1,649,051

Executive Summary:

The California Waterfowl Association (CWA), in partnership with the CALFED Ecosystem Restoration Program, Wildlife Conservation Board, California Department of Fish and Game, US Fish and Wildlife Service, farmers, wetland managers, and local water agencies, is proposing a 3-year pilot project to benefit ground nesting birds, giant garter snakes, and other wetland-dependant species through a combination of altered crop rotations to produce upland nesting cover and increased semi-permanent wetlands for waterfowl and snake refugia, rearing and foraging areas. The Project area includes rice fields and managed wetlands in Butte County served by the Western Canal Water District and Richvale Irrigation District (RID). The approach to implementation is through use of locally-based organizations; the RID will solicit and sign up growers; CWA will design and implement the habitat restoration plans in cooperation with the wetland

managers and US Fish and Wildlife Service. Monitoring for garter snake and waterfowl use will be completed by USGS Dixon Field Station and CWA biologists. Expected outcomes include measurable increases in waterfowl nesting densities and brood survival over existing conditions in rice fields and seasonal marshes; no significant loss of GGS foraging habitat; and an increase in GGS refugia habitat. The results of this pilot program and lessons learned would help shape the approach several participating agencies take toward planning expected water transfers and the 2008 USDA Farm Bill Conservation Programs.

Relationship to ERP goals:

Goal 1: Endangered and other at-risk species and native biotic communities

- Objective 2: Contribute to the recovery of the following at-risk native species in the Bay Delta Estuary and its watershed giant garter snake.

- Objective 3: Enhance and/or conserve native biotic communities in the Bay-Delta estuary and its watershed including the following assemblages and communities: wading birds, shore birds, waterfowl and terrestrial biotic assemblages associated with aquatic and wetland habitats.

Goal 2: Ecological Processes

- Objective 1: Establish and maintain hydrologic and hydrodynamic regimes for the Bay and Delta that support the recovery and restoration of native species...support the restoration and maintenance of functional natural habitats, and maintain harvested species.

Goal 3: Harvested Species

- Objective 3: Enhance, to the extent consistent with ERP goals, populations of waterfowl and upland game for harvest by hunting and non-consumptive recreation.

Goal 4: Habitats

- Objective 2: Restore large expanses of all major aquatic, wetland and riparian habitats to support recovery and restoration of native species.
- Objective 4: Minimize the conversion of agricultural land to urban and suburban uses and manage agricultural lands in ways that are favorable to birds and other wildlife.

Selection Panel Findings:

The positive aspects of the proposal include: generation of data and information on multi-species management approaches that would inform the agricultural community how they could provide benefits to waterfowl while at the same time improving conditions to benefit the giant garter snake; determining if the mosaic of land use provides better wildlife benefits than typical land use patterns; and developing strategies, monitoring methods, and tools for evaluating losses in habitat quality from rice fields being fallowed, as required by the Environmental Water Account (EWA) Biological Opinion.

The Program will reconsider this proposal for funding provided the following revisions are made: (1) Clarify the project's conceptual model and discuss the potential for experimental testing of hypotheses, including consideration of landscape scale issues (habitat fragmentation, connectivity); (2) Include a rigorous economic analysis (seek collaboration with an ag. economist) and address impacts of uncertainty related to EWA, Conservation Reserve Enhancement Program (CREP), water transfers, and subsidies; (3) Clarify the relationship between this project and CREP so that agencies

can evaluate the policy implications. Are the subsidies proposed intended to replace or supplement CREP payments? If the intent is to replace CREP, the applicant needs to better articulate reasons why farmers would participate in this program rather than CREP since the incentive payments offered here (\$100) seems to be lower than the \$165 for rice provided through CREP; (4) Deliverables must include publications that utilize data on giant garter snake and mallard nesting obtained from this project and synthesized with previously unpublished data (only found in the various annual reports); (5) Include a more detailed budget broken out by task, that includes breakdown of how dollars for each task will be allocated. Each cost needs to be justified.

Additionally, the applicant should note that the incentive portion of the budget is not transferable across budget categories.

Selection Panel Recommended Action: reconsider if revised
Amount Recommended for Funding: \$1,649,051

Proposal Number: 0093

Proposal Name: Delta Working Landscapes

Proposal Applicant: Delta Protection Commission

Amount Requested: \$1,274,066

Executive Summary:

Delta Working Landscapes is a collaborative effort between the Delta Protection Commission, Ducks Unlimited, The Nature Conservancy and Hart Restoration, Inc.

The goals of this project are 1) to improve the environmental quality of Delta farmlands through a variety of demonstration projects; 2) to understand, through a research program, the interplay of social, political and economic factors that hinder implementing these measures on a wider, regional basis; and, 3) facilitating information exchange through working landscape educational events. Pilot project level improvements will include the establishment of hedgerows, vegetated ditches using native and wildlife friendly plants. Levee and bankside revegetation projects will seek to reverse the ongoing trends of habitat elimination on critical near shore habitats.

The outcomes of these efforts will benefit various aquatic species of special concern, such as splittail, smelt, Chinook salmon. These vegetative improvements will also provide protection from erosion and unintended island flooding. Other pilot projects include: interior berm construction to facilitate cropland flooding; tailwater/sediment retention pond development to facilitate wildlife habitat and water quality benefits; and seasonal and permanent wetland establishment to increase diversification of working landscapes. In order to multiply the acceptance of these projects to additional landscapes and farming environments, we propose two courses of action. First, we will conduct a study of various incentives and disincentives to environmentally and wildlife friendly farming techniques. This will be conducted through a series of questionnaire, in-depth interviews, and focused group discussions. To facilitate the transmission of this information throughout the region, we propose to host a series of educational working landscape festival events. These events will serve to integrate various Delta

stakeholders, principally farmers, but also other community members, non-profit organizations, and government representatives.

Selection Panel Findings:

The proposal lacks a well-defined monitoring program, which would support and explain the rationale for the specific amounts of work to be done in Task 2 (e.g., why 20,000 linear feet of vegetated ditch bank is appropriate), and provide a framework for Task 3 demonstration projects. In particular Task 2 actions and potentially the demonstration projects in Task 3, need to be structured with an experimental design (including controls, replicates) in order to build the data to justify the relative benefit of funding the specified amount of work (such as 20,000 linear feet of vegetated ditch banks) and to measure environmental benefit (such as reduced sediment or pesticide loads). This plan should also serve to justify the amount of funding requested for these tasks, which presently is not well detailed. The Selection Panel thinks these tasks could be completed for less.

The revised Task 3 needs to identify the interview methodology to be used and how it is supported by current social science interview practices. The revised proposal also needs to be consistent in the description of deliverables among the text, the deliverables table, and the budget detail. The Selection Panel questioned the feasibility of implementing vegetated ditches in light of current ditch practices (i.e., spud ditches). Task 2 of the proposal appears to be a continuation of existing projects, but the proposal does not show how the new projects are informed by past work.

The Selection Panel indicated that some of the wildlife-friendly approaches are good, though they could be implemented for less than the amount requested. The Delta festivals may be a good outreach approach, but may not be an effective strategy to exchange information and ensure that growers adopt practices. It also appears that the festivals are focused beyond the ecosystem and agriculture objectives of this PSP, so the Selection Panel recommends reducing the ERP contribution to \$44,000. PSP funds cannot be used to create a non-profit group, and cost share funds for the festivals should be sought from other sources. The proposal should provide assurances that the applicants will coordinate with the Delta Vision and other planning processes.

Selection Panel Recommended Action: reconsider if revised
Amount Recommended for Funding: \$800,000

ATTACHMENT 3
PROPOSALS SUBMITTED THAT WERE WITHDRAWN DURING THE PROCESS OR
NOT RECOMMENDED FOR FUNDING

Summary Table: Proposals withdrawn or not recommended for funding.

Number	Applicant	Project Title	Amount Requested	Selection Panel Recommendations
0056	Tuolumne River Preservation Trust	Tuolumne River Land Protection, Riparian Restoration and Working Landscape Project	\$1,500,000	Withdrawn by Applicant
0046	Western Shasta Resource Conservation District	Cow Creek Watershed Fish Passage Barrier and Habitat Evaluation	\$472,229	Do Not Fund
0054	River Partners	Riparian Sanctuary (Phase II) – Bringing Agricultural and Ecological Interests Together for Pumping Protection and Riparian Restoration	\$660,665	Do Not Fund
0055	Chico Research Foundation, California State University	Creating Conservation Partnerships, Research, and Incentives to Benefit Farmers and Ecosystem Restoration in the Sacramento Valley	\$5,457,960	Do Not Fund
0061	East Merced Resource Conservation District	Biotechnical Streambank Stabilization; Assessment and Demonstration on the Lower Merced River	\$1,035,430	Do Not Fund
0062	Merced, University of California	Sustaining private Seasonal Wetland Habitat Value and Function Under Ag Waiver Mandated Salt	\$1,492,107	Do Not Fund

Number	Applicant	Project Title	Amount Requested	Selection Panel Recommendations
0068	Yolo Basin Foundation	Yolo Wildlife Area: An Evolving Model for Integration of Agriculture and Habitat Restoration in a Flood Control Setting	\$1,231,400	Do Not Fund
0074	Agricultural Water Management Council	Assessment of Water Management Actions and Water Transfers on Giant Garter Snake and other Wetland Dependent Species	\$267,685	Do Not Fund
0077	Southern Sonoma County Resource Conservation District	Petaluma River Watershed Agricultural Activities for Improving Water Quality	\$1,910,954	Do Not Fund
0079	Davis, University of California	Scaling Up Riparian Restoration; Generating More Cost-Effective Protocols	\$101,220	Do Not Fund
0083	Agricultural Water Management Council	Conservation Based Farming Practices Monitoring and Evaluation Project	\$197,466	Do Not Fund
0084	United State Geological Survey- Western Ecological Research Center	Wintering Waterbird Response to CALFED's Environmental Water Account Program: Modeling and monitoring to Better Integrate Agriculture and Management of Wetland Dependent Birds	\$1,140,163	Do Not Fund
0092	San Joaquin County Resource Conservation District	Gauging the Benefits of Riparian Restoration / Enhancement in a Working Agricultural Landscape	\$1,174,003	Do Not Fund

ATTACHMENT 4

**SELECTION PANEL FOR THE 2005 CALFED ECOSYSTEM RESTORATION
PROGRAM (ERP) PROPOSAL SOLICITATION PACKAGE (PSP) FOR
PROJECTS THAT ASSIST FARMERS IN INTEGRATING AGRICULTURAL
ACTIVITIES WITH ECOSYSTEM RESTORATION**

Name	Title	Affiliation
<i>Dr. Judy Meyer</i>	<i>Research Professor, Institute of Ecology</i>	<i>University of Georgia</i>
Dr. David Zezulak	Central Valley Restoration and CALFED Coordinator	Department of Fish and Game, Central Valley Bay Delta Branch
Dr. Carol Shennan	Director, Center for Agroecology and Sustainable Food Systems; Professor of Environmental Studies	U.C. Santa Cruz
Mr. Stan Bajorin	Deputy Assistant Secretary	Resources Agency
Mr. David Guy	Executive Director	Northern California Water Agencies
Ms. Rhonda Reed	Program Manager	CALFED Ecosystem Restoration Program
Mr. Danny Merkley	Program Manager	State Water Resources Control Board
Mr. Ken Trott	Staff Environmental Scientist	California Department of Food and Agriculture
Mr. Tom Moore	Program Specialist	Natural Resource Conservation Service
Mr. Dan Castleberry	Fisheries Program Manager	California and Nevada Operations Office, US Fish and Wildlife Service
Mr. Jason Marshall	Chief Deputy Director	Department of Conservation
Mr. Todd Manley (alternate for Mr. David Guy on August 29, 2006)	Director of Government Relations	Northern California Water Agencies

Chairperson identified by ***bold italics***.